

# THE ROLE OF CASH WAQF IN POVERTY ALLEVIATION: CASE OF MALAYSIA

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***Waqf Institutions have  
been long used as one of  
the prominent tools for  
alleviating poverty among  
the society.***

**!**



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Belki yarın diner diye  
bekliyorsan umutla  
Açık tut umut kapılarını yıkılma  
Ama  
Yüreği titrek,  
Bebek  
Belkide bu elindeki son lokma...



# **Misconception:**

**Unfortunately, the majority of the general public are of the opinion that *waqf should be used only* for religious purposes for example the building of mosques and religious schools.**

**This is quite  
Unfortunate, the *waqf* has great  
*potential to be one of the main  
contributors to the development  
of socio-economic of the society,  
especially in the poverty  
alleviation.***



# **THE CONCEPT OF WAQF *AND CASH WAQF***

***The term “waqf” is derived from the word “waqafa” which means to hold still and last long.***

***Waqf is “a voluntary act of charity”***

***Waqf is referring to the act of discharging one’s ownership of an asset and transferring the ownership to the general public which can be land waqf or cash waqf.***

**Cash *waqf* can be defined as “the dedication of some money from one's possessions and establishing a *waqf* based on that amount and offering it to the benefit of people generally or allocating it to make use of them by some segments of the community particularly”.**

***From an economic standpoint:***

***Waqf is an act of diverting funds and also other resources, from consumption and investing them in productive assets that promise either usufruct or revenues for future consumption by individuals or group of individuals.***



# **THE BACKGROUND OF LAND WAQF :**

**The first *waqf*: the Quba' Mosque by the Prophet S.A.W.**

**Land of Khaybar by Umar Al-Khattab**

**The well by Uthman bin Affan**

**During the Ottoman Empire: everything was financed by the waqf system such as health care, education, welfare, eliminating poverty, etc**

# **THE BACKGROUND OF CASH WAQF**

**During the time of the Prophet S.A.W, the companions utilized the institution of *waqf* as a medium to donate their farmland for development purposes.**

***Emphasizing that, the concept of cash waqf is often related to the Osmanli (Ottoman) Empire.***

**The cash endowments become very famous throughout the Osmanli Empire. It is also channeled to microfinance initiatives.**

**Osmanli is a  
Civilization  
of Waqf**





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## **EFFECTIVENESS OF CASH WAQF**

- a) *Cash waqf is easy in nature and only requires small amount of wealth,*
- b) *Cash waqf is able to generate more funds that could be used for development of assets, for example, undeveloped waqf lands*
- c) *Cash waqf could assists education institutions with cash flow problems by creating a backup fund for them.*
- d) *It is able to reduce the dependency of Islamic institutions on the government, empowering them to be more independent.*

**Al-Azhar University ,(established in 975 AD) in Egypt, was built on cash waqf funds.**

**Cash waqf can be potentially effective in establishing income generating activities.**

## **PROBLEMS IN WAQF MANAGEMENT**

**The weaknesses of *waqf* is the voluntary nature of the *waqf* itself.**

**In case of unqualified *mutawalli* or *waqf* managers.**

**Sensitivity of it which may fall in to usury (riba) transections.**



# **PROBLEMS IN CASH *WAQF* MANAGEMENT**

**In the case of Malaysia, 3 critical issues have been identified:**

**“The clarification on how to develop the cash *waqf* according to the scholars,**

**Legislation obstacles, constitutional framework.**

**The problem of *Baitul Mal’s administration that is inefficient and* unsystematic. Due to lack of human resources.”**

**Significant numbers of *waqf* assets in Malaysia that are left unutilized due to factors such as:**

- a) No proper documentation and registration.**
- b) Insufficient *waqf* revenues to cover operational cost of the *waqf* asset.**
- c) The unproductive nature and the inability to self generate income of the *waqf* assets.**
- d) Lack of survey of existing *waqf*, proper monitoring and consolidation for the sustainable development of these *waqf* properties.**
- e) Lack of qualified personnels in cash *waqf*.**

## **POVERTY ALLEVIATION POLICIES IN MALAYSIA**

**One unique trait of Malaysia is the Malaysian society is made of different ethnicities and religions. The three main races in Malaysia are the Malays, Chinese and Indians.**

**During the late 1960s, one of the major social issues faced by the Malaysian government is the large income disparity between different races in the country.**

**The issue was so severe that it caused the 13th May 1969 riot between the Malays and Chinese.**

**The government responded to the riot incident by the introduction of the New Economic Policy which was implemented in 1971.**

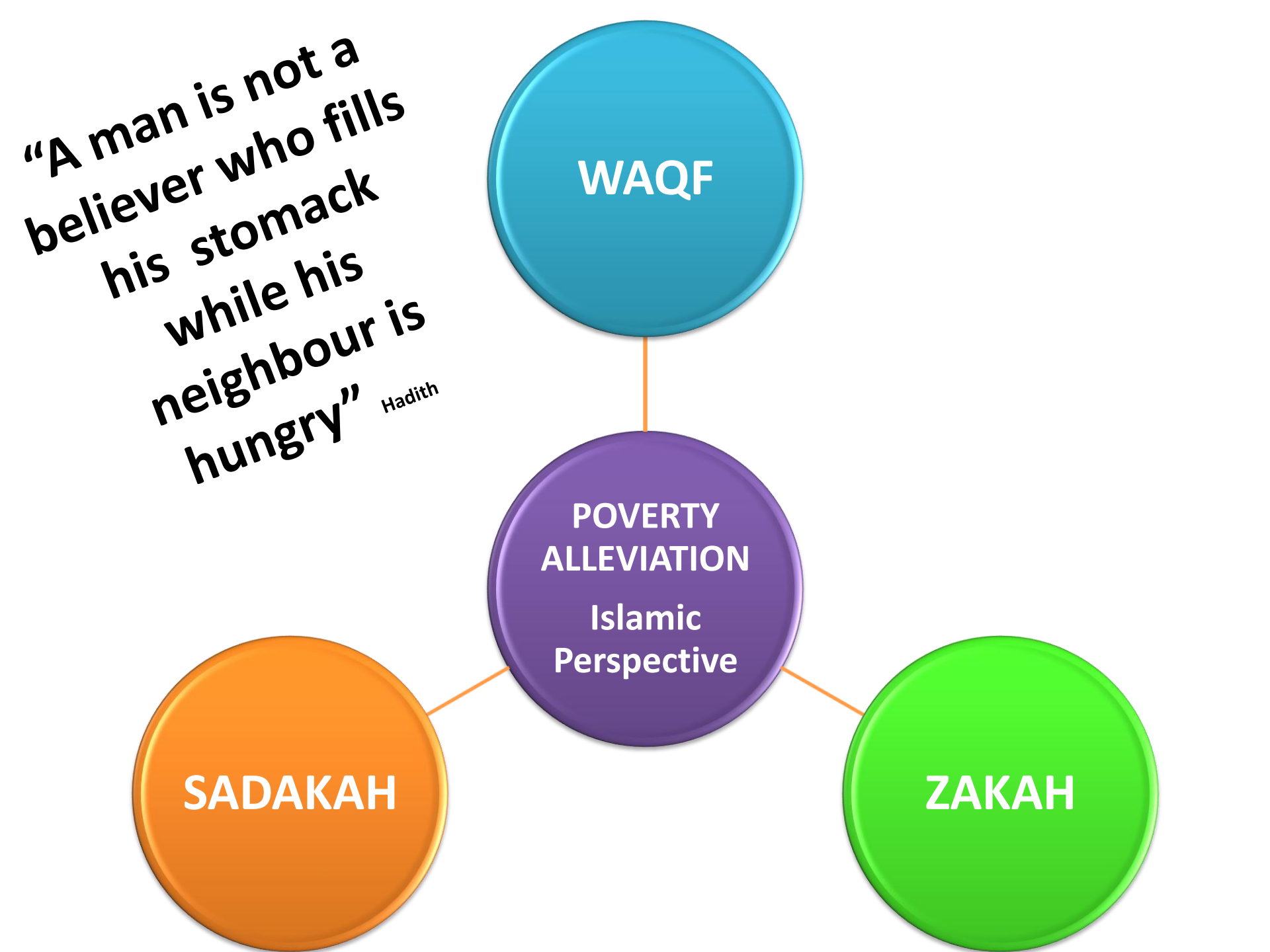
# **The New Economic Policy:**

- a) To eradicate poverty by raising income levels of Malaysians regardless of ethnicity,**
- b) To restructure the society**
- c) To improve the quality of life of the poor by improving the poor's accessibility to social services.**
- d) To increase the income and productivity of the poor by the expansion of their productive capital and efficient capital utilization by adopting modern techniques.**
- e) To increase employment opportunities.**

**New Economic Policy has resulted to favourable results in eradication of poverty.**

**As at 2012, the incidence of poverty in Malaysia is 1.7 compared to 49.3 in 1970.**

**The identification of ethnicity based on their economic functions has also reduced significantly although there are still some sectors which are monopolized by a certain ethnic group.**





**RECOMMENDATION**



**Terima Kasih**

شكرا لكم

**Thank You**

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